The MORTGAGE BANKER

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Where Can FHA Be Improved?

That is the question we put to several MBA members; here is a symposium of what they would do about it

NOW that peace has again come to the world, the minds of men everywhere are turning to the pursuits of peace and away from those of war. Mortgage lending is no exception. Everywhere lenders are looking to the future, trying to determine when construction is likely to begin, when we can expect controls to be relaxed, what the federal government is likely to do in our field and wondering, too, how closely the Wagner-Ellender bill may be a blueprint for tomorrow.

Many are thinking a great deal about FHA because they know FHA is likely to become more and more important now that we can at least begin to make some definite plans for new construction. Is FHA as presently constituted the FHA that can and will meet the needs of postwar? If it isn't, where could it be improved?

Those are a few of the questions *The Mortgage Banker* put to a number of MBA members. What they have to say is published in this issue. One of the most significant things about these opinions is the wide variety of views expressed. It might logically be expected that some of these articles would follow the same general pattern of others but such is not the case. Some lenders would like to see certain changes made while others often ignore these changes entirely or give them only minor consideration. Some say FHA will again have to be re-sold to the public while others disagree. Most of them think FHA's general procedure is too cumbersome but they don't always agree as to the specific improvements that can be made. One thinks that a vital problem is getting more young men into FHA and "revitalizing" some of the older men now working for the agency. He thinks there is a job to be done in re-educating some of the FHA personnel to the problems which have been placed at our doorstep sooner than most of us had expected. Another says FHA needs more funds, that congress hasn't given it the money it ought to have. A number think a great deal more must be done about recognizing increased costs than has been true in the past. And, of course, there is the usual dissatisfaction about the situation regarding payoffs, refinancing and similar probems.

But there is no thought at all that FHA won't be with us in postwar. Everyone seems to take it for granted that the agency is here to stay and practically everyone agrees that it has done a good job and—generally speaking—will continue to do a good job.

> *If you are an approved FHA mortgagee, what do you think of the suggestions in this issue? Have you other ideas for improving FHA to make it more adaptable for the postwar expansion? If so, The Mortgage Banker would be glad to present your views.*

There is also widespread approval of the new FHA commissioner, Raymond M. Foley. Every observation *The Mortgage Banker* has heard of him since his appointment has been highly favorable. Mortgage men who have known him in the past declare he is a capable administrator, a good executive, a man fully experienced with every phase of mortgage lending and one who will do an excellent job of administering the program. That, incidentally, happens to be the same opinion of those who have met and talked with him for the first time since his appointment.

It was distinctly the impression which the retiring chairman of MBA's FHA committee, Guy T. O. Hollyday, received after a conference with him which also included Secretary George H. Patterson, retiring President L. E. Mahan, G. Calvert Bowie and W. L. King. As Mr. Hollyday said in his report to his committee, "everyone was impressed with the Commissioner's cordiality, sincerity and frankness."

In connection with the articles in this issue—all written just before war's end but there isn't any reason to believe the authors think differently now—it is well to point out that Mr. Hollyday gave Mr. Foley a memorandum listing 12 points relating to FHA servicing and policy. Many of these are already receiving consideration by the

commissioner and he was familiar with the background of the others. These points are:

First, 80 per cent firm loans to operative builders in communities where they are necessary.

Second, firm commitments to builders, 10 per cent less than the amount which would be granted to owner occupants (with a valuation ceiling $10,000.)

Third, local FHA office approved loans to builder up to $100-$150,000.

Fourth, recheck appraisal to make sure recognition is given any sound increase in value.

Fifth, consider increasing amortization during first few years similar to arrangement originally tried with Title VI loans.

Sixth, check time lag in the operations to provide prompt consideration of applications.

Seventh, check policy relative to repair requirements, limiting requirements to those which any prudent lender would demand.

Eighth, an advertising campaign setting forth advantages to the owner of an FHA-insured loan.

Ninth, liberalize FHA insurance to provide same treatment for old properties as for new. *(The idea offered recently by L. A. McLean.)*

Tenth, advisability of extending benefits of refinancing certificates to holders of Title VI loans.

Eleventh, should FHA act as "policeman" where it is evident that borrower is making an incorrect statement in the refinancing certificate?

Twelfth, are all dealings with builders now handled through approved mortgagees?

These points should be kept in mind while reading what our members have to say in the following articles on FHA and the changes they would make in the insured lending system. We'll report from time to time on developments in this 12-point program.

In the meantime, FHA is looking to the future full of confidence that a big place has been cut out for its activities in postwar. It will enter the postwar period in a strong financial position to aid enterprise in providing homes for America, Mr. Foley said. It will be prepared to back private lending institutions with authority to insure more than $2 billion in loans to help families build, buy or improve their homes.

Congress has empowered the President to extend to FHA authority to insure another $1 billion for home financing.

"Since beginning operations, FHA has helped more than 6,000,000 families build, buy or improve their homes. Private financial institutions operating under the FHA program have advanced more than $8 billion to make this possible. More than $3.5 billion of these loans have been liquidated.

"The insurance authorizations available are about evenly divided between Title II operations, insurance of loans to build or buy a home, and Title I operations, insurance of property improvement loans. At the end of June, FHA's estimated liability under Title II amounted to $3,039,800,133, leaving an estimated unused authorization of $960,199,867, which can be increased by $1 billion with Presidential approval," a statement said.

FHA's authorization to insure loans on existing houses, its chief operation under Title II during the war, extends to July 1, 1946. There is no time limit on insurance of loans for new construction. During the fiscal year ending June 30, the volume of insurance on existing construction set a five-year record.

During the first six months of this year, however, insurance of new construction loans under Title II was slowly increasing, and at the end of June insurance had been written on 3,263 units, of which 1,377 were insured in June alone. Only 208 such units were insured during all of 1944.

Title II operations have been self-sustaining since 1940 and currently, and for some time past Title I operations have been likewise.

Penalizing Existing Construction Through Only 80% Loans Is Not Good Policy Now

By FRED CHAPMAN

STEWART McDONALD, an industrialist and railroad man, was the ideal leader for FHA during its initial growth and expansion. The period covered by the war, a most critical one for the building and mortgage industries, found FHA under the stable and conservative influence of Abner Ferguson. Both of these men were ideal for the periods through which this country and FHA have passed in the past ten years.

Today, when peace has come to the world, we are moving into a new era of reconversion, tremendous business activity and expansion which will create many new problems. Changes are necessary in FHA to meet these new conditions.

About This Issue's Contributors

N. N. Wolfsohn is president of the Eastern Mortgage Service Co. and is an active member of the Philadelphia MBA. **Earl Linn** is vice president of The Weitz Investment & Realty Co. of Des Moines and, in the Association year just closed, served on our publicity committee.

Fred Chapman is vice president of Thorpe Bros. Inc. of Minneapolis and president of the Minneapolis MBA. **Leslie N. Jull** is vice president of Melvin F. Lanphar and Company of Detroit. **R. V. Clarke** is a mortgage man of long experience in the lending field. He contributed *Let's Face the Facts about PortfolioLending* to the August issue of *Local Chapter News* and his article in this issue is, in some respects, a follow-up to it. **T. J. Bettes** is head of T. J. Bettes Company in Houston.

W. G. Wallace is president of The Towle Company in Minneapolis.

FHA has a serious personnel problem. It developed a highly-trained staff of competent specialists in appraisal, architecture, credits and mortgage lending. The needs of industry, government and the armed services have badly depleted FHA's organization. Those remaining have carried a heavy load. Of course some of the older men will return but with the volume of business possible, much rebuilding of organization is necessary. The older men must be revitalized and made aware of the coming problems. New men must be added and trained.

Fred Chapman

Another pressing problem is the adjustment of estimated building costs to the actualities of the present. As soon as government controls are removed, the problem will become even more acute. FHA recognizes this and will no doubt approve increased costs as soon as officials feel that there is a reasonable stabilization between demand and supply. I think that, since FHA operates on a nation-wide basis and can secure adequate information from their offices, this should be sufficient to indicate the trend and that an overall allowance could be made for the entire country—subject to minor local exceptions, of course.

We all know the arguments pro and con for like treatment of existing properties and new construction. The automobile industry became great partly because it gave a great deal of attention to the sale and financing of used cars. After the first rush for new homes is over and the building industry must turn again for prospects to those who already own homes, a 90 percent loan on existing construction could be a material factor in keeping the construction industry going. Penalizing existing construction by granting only 80 percent loans is not, in my opinion, a stabilizing factor in maintaining values. I have every confidence in FHA's ability to properly value existing construction and see no reason why 90 percent loans on existing construction should not be granted.

Many builders and mortgage men do not realize that FHA wanted to increase its budget to rebuild its staff in preparation for postwar but its request was rejected by the Budget Bureau and Congress. To me this seems like very short-sighted economy. FHA is just like any insurance organization, insuring millions of dollars of business. It must plan in advance, and rebuild its staff, before the boom begins. Mortgage men and builders can assist FHA by encouraging a more liberal allotment of funds when the next budget is presented.

Recently I talked to the investment vice president of a medium-sized life insurance company about possible necessary changes in FHA laws. After consulting with his staff for several days, he told me no changes were needed. Such complaints as he has had (and all were not critical of FHA) involved rules, regulations and administration. This should be illuminating to those who wish to continually tinker with the laws and it should be a warning to those in FHA charged with the administration of the law.

With the new era approaching builders, mortgage men and investors are fortunate that the man at the head of FHA is Raymond M. Foley. He was one of the most successful state directors.

It is my opinion that, under his guidance and with fair treatment by the Budget Bureau and Congress, that FHA can and will meet the new problems of postwar.

As a Permanent Agency in Home Loan Field, FHA Must Give Better Service Than Now

By W. G. WALLACE

FHA was created as an emergency measure to stimulate new construction by providing more liberal credit terms for the home building industry, but has remained as a permanent home financing agency. Its rules and regulations should be revised accordingly. All home owners or purchasers who wish to use FHA should be permitted to do so on an equal basis. There is no reason why a purchaser or builder of a new home should be permitted to borrow up to 90 per cent of the value for twenty-five years, while the purchaser of an existing property can borrow only 80 per cent of the value for a maximum period of twenty years. If any property is economically sound for a twenty-five year loan up to 90 per cent of the value, it should be entitled to such a loan whether new or a few years old.

W. G. Wallace

Property standards for existing construction might well be revised so that many properties now being rejected could qualify for mortgage insurance. The determining factor as to eligibility should be the economic soundness of the property and its remaining useful life. If FHA would take a more liberal view in connection with existing properties, lenders might continue their insured mortgage obligations during periods when loans on new constructions are not available.

As a *permanent* agency in the home loan field, FHA must give better service to the lending institutions and borrowers than is now provided. The processing time must be very greatly reduced. The time that should be allowed the FHA for issuing commitments should be no more than that allowed conventional lenders. While it is true that processing time has been steadily reduced, it is still not comparable to that provided by other competitive lending institutions.

The relationship between FHA and its approved mortgagees can be greatly improved by some slight changes in the present regulations. As an illustration, the FHA now requires a premium for the prepayment of a loan before maturity, but none of this premium goes to the lending institution that really suffers a loss by reason of the fact that the loan is paid before maturity. A substantial

portion of the prepayment premium could be paid to the mortgagee. This practice would place the mortgagee in partnership with the FHA rather than having it merely act as a collection agency.

The above suggestions are offered with the thought of making FHA more workable, thereby increasing volume with the resultant increase of service to the public.

FHA a Success but Existence Threatened by Slow Processing and Appraisal Troubles

By LESLIE N. JULL

IN RECENT YEARS FHA has built up a tremendous amount of detail, adding a little here and a little there, to the point where, in today's competitive market, FHA processing is altogether too cumbersome. The requirements of the various state offices place the originating mortgagee at a distinct disadvantage in competition with high-appraisal long-term, uninsured loans. As I see it, FHA's requirements are the principal objection to financing under the system.

What is needed is a thorough study by FHA of requirements which have been built up over the years and the elimination of much of the present complicated routine. Competent mortgage men have said that it is four times more difficult to process an FHA case today than it was six or eight years ago.

At the present time in Detroit, the local FHA office wants, in addition to the application, a credit report, photograph, verification letters of bank balances, employment, past earnings, detailed schedules of war bond holdings, and in some instances, letters covering the cash value of life insurance and copies of income tax returns.

In the final analysis, what does it all mean? In most instances, the verification letters confirm the information already contained in the application, but they have slowed down the processing by several days, have incurred the ill-will of the borrower-to-be, and have given the buiding and loan association competition just one more case in which to take a shot at FHA financing.

It seems to me that approval or rejection of the application can be made from the information contained therein. Most people are honest, and especially so when completing a government form with the penal clause directly above where they sign their names.

A further reason for questioning the necessity of such letters is the experience that we have all had, and of which Washington is cognizant, namely, the rapid turnover of properties on which there are insured mortgages. The new mortgagor could be worse than the original mortgagor, but our experience has been that in the majority of instances he is a better risk. In most instances, the original mortgagor is never released of his liability.

Now let's look further and assume a foreclosure has occurred. The mortgagee, under such circumstances, proceeds according to the laws of the state in which the mortgage was made. In Michigan, the property is bid in on the court house steps by the mortgagee, and since he is going to get FHA debentures, his bid is put in for the mortgage balance, plus interest, etc. That immediately extinguishes all claim which the FHA or anyone else may have against the original mortgagor for a deficiency.

So it doesn't make any difference whether it is the original mortgagor or a subsequent purchaser of the property when foreclosure takes place. By virtue of the mortgagee bidding in the property for everything that is due and then turning it over to the FHA for debentures, the original mortgagor is not penalized as a result for not having been relieved from his liability under the original mortgage note—all of which leads me to believe that FHA could maintain its splendid record and, at the same time, eliminate practically all of the verification letters now required.

> *"FHA has done an excellent job but I believe the mortgagee should be allowed to protect his interest in a loan by eliminating the right of the borrower to refinance his mortgage. There is some agitation to continue Title VI or some form of it. This, in my opinion, would be a serious mistake."*—W. E. MILLER, VICE PRESIDENT, A. D. FRASER, INC., CLEVELAND.

If we could get down to considering the bare application and the property, and if FHA state offices were permitted to staff themselves adequately to take care of the present volume, then the processing time would be greatly reduced and instead of real estate operators and builders bending every effort to swing the financing away from FHA and to the building and loans, it would be like it was several years ago when the first thought was an FHA loan.

It adds up to this: In the early days of FHA, the building and loans and saving and loans were trying to sell the real estate they acquired by their poor practices in the 20s and 30s. They weren't competition and FHA became the dominant factor in small home financing.

Came the war boom and inflated real estate prices and the building and loans and the savings and loans sold their repossessed properties and are now actively competing for residential loans. It is to meet this competition and to preserve the FHA system that an immediate adjustment in processing routine is suggested.

FHA has been the most stabilizing influence ever to come into residential financing. In my opinion its very existence is threatened by the combination of slow processing, depleted personnel and the elastic appraisal system of the building and loans and saving and loans.

Other than this my opinion of FHA, its underlying idea and its organization, is the highest. The organization has proven itself capable of running a big business without becoming political. I think that FHA's plan of financing can and should be the dominating force in the reconversion and postwar era.

One of the Biggest Faults in FHA System Is Lack of Mortgagee Protection in Pay-offs

By N. N. WOLFSOHN

I HAVE always believed that FHA is one of the finest things ever created by the government, and has done more to create sound lending practices than any other single factor.

However, there is one glaring fault that I would strongly recommend be corrected, and that is the lack of protection for the mortgagee in pay-offs. It seems to me that FHA should treat Section 203 loans under Title II the same as Section 207 loans with regard to prepayment privileges and penalties; that is, the mortgagee should be permitted to make an equitable charge in the event the loan is paid off in full before due.

N. N. WOLFSOHN

FHA, no doubt, would hesitate to relax their regulations with regard to this restriction for fear mortgagees might exact too great a penalty, but I believe competition would limit the maximum penalty the mortgagee could charge.

Every other type of loan provides for some restriction with regard to prepayments or additional compensation to the mortgagee in the event of prepayment in full before maturity. For example, in the Philadelphia area the conventional loan usually gives the mortgagor the privilege to pay up to 20 per cent in any one year without penalty. Thus, on a 15 or 20-year loan, the mortgagor could, if he so desired, pay the loan off in five years.

The regulations of the Federal Home Loan Bank system permit the Association to make a charge not in excess of 90 days' additional interest on the amount prepaid when the amount equals or exceeds 20 per cent of the original principal amount of the loan. I do not think it would be unfair to the mortgagor if an FHA mortgagee were permitted to make a similar charge if he so desired.

Unless some such relief is given FHA mortgagees, I am afraid the secondary market for FHA mortgages will be seriously affected in the future because many large institutions are preparing now to raid FHA portfolios by offering mortgagors more favorable rates and terms after the mortgage has been reduced by payment on account of principal to fifty or sixty percent of the value of the property. This will undoubtedly prove attractive to the mortgagor because it is the intention of these institutions to go so far as to pay the FHA 1 per cent penalty and the closing costs of the new mortgage, thus relieving the mortgagor of any expense in connection with the change.

I believe that now is the time for the FHA mortgagees to take up this matter with the proper FHA officials so that the necessary changes can be made in the regulations in time for the anticipated large postwar business.

Thinks Big Reason FHA Borrowers Disappear Is Half Percent Guarantee for Lenders

RATHER than require a refinancing certificate for Section 603 loans similar to the one for 203 loans, as was suggested in an article in the August issue of *The Mortgage Banker,* we've discovered that some lenders seem convinced that it isn't needed or wanted and, further, that it might even be advisable to forget about the certificate as far as 203s are concerned. One high FHA official pointed out that "many lending institutions are urging the elimination of the requirement under Section 203 and have taken the position that it is not accomplishing the purpose for which it was intended but rather has proved to be an encouragement to brokers to shop around to find more favorable terms for mortgagors and thus increase their business."

A number of MBA members, including some of those serving on our various committees and who have been actively studying this problem in recent months, now lean more to the idea that the 203 certificate has definite disadvantages and that in some cases promotes portfolio raiding. (*See the article on portfolio raiding in the August Local Chapter News*).

Raiding has been rampant in many FHA portfolios, particularly life insurance companies. This group held, as of December 31, 1943, in excess of one billion dollars of FHA insured paper, and, according to one lender, present a rather lucrative field for conversion to conventional take-overs at lower rates of interest.

"Apparently, the prepayment penalty of one per cent is no deterrent," one member said.

We went to a mortgage man, R. V. Clarke, who usually has very definite views on matters affecting FHA lending. This question proved to be no exception. We wanted his reasons-why and we got them.

"Perhaps the chief reason why some FHA borrowers become fugitive is that they become fed up on paying the ½ per cent to guarantee their lenders; and when they wake up to the fact that their loans are paid down to a safe position, they lend a ready ear to the overtures of other lenders.

"Frankly, why should they do otherwise?

"There is no added inducement for them to continue in FHA. There is no tie between them and their lender under FHA. They lose nothing by going elsewhere—in fact, quite often they gain, because there is no ½ per cent each month to pay into the lender's guaranty fund which, incidentally, now amounts to slightly in excess of 90 million dollars. That's a nice, tidy sum—but it doesn't mean anything to the borrower. He is not guaranteed anything no matter how much he has reduced his loan, so he figures there isn't much difference between lenders in case of a foreclosure threat. 'One

may be just as fast on the trigger as the other so, in the meantime, why shouldn't I get the benefit of cheap money?' is his attitude.

"The gravity of the situation, as it affects the guaranty fund, is presently occupying the attention of FHA officials, and there is reason to believe that some of them would not look with disfavor on the initiation of an amendment to the National Housing Act which would create more flexibility and greater liberalization in all existing and future FHA mortgages as a means of curtailing loan shifting.

"National banks are heavy holders of FHA insured loans. Under the National Banking Act their hands are tied in competing with savings and loans and other lenders on a conventional loan basis, because of the 10-year term limit and the 60 per cent of appraisal ceiling. Like life insurance companies, the national banks have no retaliatory weapons and must sit back and take it while being relieved of their choice real estate loans.

"To the adage that 'everything's fair in love and war' might be added the word 'lending'. To illustrate the boldness with which raiding is conducted, in a midwestern city of approximately 60,000 population, a national bank rents quarters to a state loaning institution in the rear of their main banking floor. The tenant's space is separated by ornate bronze grill work. For the past two years, with uncanny weekly regularity, four or five desirable real estate loans of the national bank manage to shift to the rear of the floor and find refuge in the vaults of the state institution. The lessor doesn't openly accuse the lessee of solicitation through the grill work, but he does have his eye fixed on the date on the calendar marking the expiration of the lease."

Put Teeth in Refinancing Certificate or Forget It

By T. J. BETTES

I THINK a majority of FHA's operating rules and regulations are satisfactory but there are two or three changes which might be suggested to make the program a bit more flexible than it seems to be now.

First, FHA's present appraised values for Title II mortgage insurance seem to be unnecessarily low in proportion to present construction costs and sales prices. I would not attempt to tell FHA how to appraise properties for insurance but I do feel that it should definitely be borne in mind that it is for a completely amortizing loan, which would seem to alleviate a good portion of the risk formerly encountered in following a rising market with mortgage loan appraisals. Another cushioning factor is FHA's stringent requirements regarding relation of total loan payment, including taxes and insurance, to the applicant's present and anticipated income.

Second, I believe that the refinancing certificate should either have some teeth put into it so that the present mortgage holder really has an opportunity to retain the loan on competitive terms or the certificate should be entirely eliminated. In actual practice, it is of absolutely no value now to the present mortgage holder and is a nuisance to both purchaser and seller when a new FHA loan is placed on the property. I cannot understand why FHA has continued this refinancing certificate in view of their administrative rules regarding refinancing.

Third, FHA field offices apparently have not been given enough latitude for approving loan applications where the applicant is in business for himself. It is often difficult and embarrassing to provide all of the required information and verification necessary for approval of an FHA loan. Most investment sources accept a reliable credit report as sufficient verification of the applicant's income unless they have reason to question it. A similar practice would be most beneficial with FHA applications. It has almost become a standard joke in this area that it is easier to get a salaried clerk's FHA application approved than that of an independent business man with a sizeable income and net worth.

Fourth, I believe there has not been sufficient latitude given field offices in approving the older-type properties which are in good condition but not in a first-class subdivision. There should be a sizeable volume of sound mortgage loans in this field which to date it has not been possible to handle with FHA loans.

FHA Must Re-Sell Public on Its Valuation Procedure and Sound Appraisal System

By EARL LINN

HERE IS AN eight-point program which I believe will benefit FHA:

First, FHA must *resell* itself to the public and provide a suitable fund for the education of the borrowers and the promotion of FHA loans. It must again sell the public on its sound appraisal and valuation procedure.

Second, waive the requirements for verifications of cash on hand, employment, and income in order to speed up applications. The borrower's statement and credit reports should be sufficient.

Third, simplify the procedure for combination GI and FHA loans. Make one application and one note and mortgage, specifying the respective amounts insured by FHA and guaranteed by the VA.

Fourth, provide some method whereby the mortgage insurance premium may be reduced, in keeping with substantial reduction in principal balance. A case at point requires a borrower to pay in excess of 6 percent interest and mortgage insurance on a 4 percent loan, reduced from $6,000 to $1,600, and reamortized over 20 years. Otherwise, he is faced with $60 prepayment premium and refinancing costs in order to procure a 4 percent rate to which he is justly entitled.

Fifth, give consideration to making 80 percent commitments to builders and contractors under the H2 program to permit builders to satisfactorily function under it.

Sixth, secure the cooperation of the Federal Home Loan Bank Administration so that institutions operating under it are required to use the same appraisal system as used by FHA, thereby preventing excessive loans.

Seventh, do not lower the present maximum interest rate.

Eighth, do not approve any relaxation of valuations to coincide with current sale prices.

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MORTGAGE BANKERS ASSOCIATION OF AMERICA

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Suggests mortgage men speak before veterans

A project calling for experienced mortgage men to make talks to wounded veterans in hospitals about subjects pertaining to their postwar future has been inaugurated by E. D. Schumacher, liaison officer of our educational committee, and a past president. Mr. Schumacher spoke initially at the Kennedy General Hospital on farming. He has hit upon an excellent idea and one worth immediate and serious consideration by MBA chapters in communities where veterans hospitals are located.

It should be a relatively easy matter to arrange programs on farm or city lending, appraising and other phases of the lending business for presentation to veterans. It would be particularly helpful if these programs could be slanted toward telling the veterans of conditions in the past, those existing today and those they may likely encounter in postwar. Many veterans are eager for basic information of this sort to help them decide upon careers they would like to pursue after their recovery. Mr. Schumacher is to be highly commended for his initiative in this project. Other chapters could well follow the example.

Milwaukee MBA surveying postwar housing needs

Milwaukee MBA has started the wheels rolling in one of the most commendable enterprises yet undertaken by an MBA chapter. It is a survey of the actual housing needs of the city. First step was to confer with the various utility companies which was followed by conferences with an economist, a statistician of the Milwaukee *Journal* and representatives of the Chamber of Commerce. The latter's postwar activities and research committees are collaborating with the Milwaukee MBA in the work.

According to E. H. Grootemaat, it seems highly important that every community should have some project underway to determine exactly how much housing will be needed, especially in view of the public housers' activities.

Chicago MBA member on State's Law Commission

Howard E. Green, who has served as chairman of Chicago MBA's Illinois Mortgage Act Committee for the past two years, has been appointed a member of the State Mortgage Laws Investigating Commission by Gov. Green. This commission is being created as a result of bills passed which call for a full study of the state's mortgage laws. The governor appoints three members and the senate and house provide three each. Illinois is believed to have one of the most cumbersome sets of mortgage laws in the country. Over a period of years, many attempts have been made to modernize them but all have failed. Mortgage men in the state believe that the present attempt has far greater chance of success since it will be preceded by a thorough study of all factors involved.

Stock fire and casualty companies own few loans

Stock fire and casualty companies own few mortgages but just how few was strikingly revealed the other day with the publication of a survey of 260 companies which showed that "real estate, including home office property, and mortgages, amount to only 3 per cent of admitted assets." Last year the stock fire companies had 42 per cent invested in bonds and stock casualty companies 58.6 per cent so invested. The former group had 40.8 per cent invested in stocks and the latter group had 21.2 per cent of their assets in stocks.

While the survey didn't break down mortgage holdings alone, it does indicate that these two investor groups have shown an increasing lack of interest in mortgages since 1931. For example, real estate and mortgage investments for the stock fire companies went from 4.9 per cent in 1931 to 3.1 in 1943 and dropped again to 2.4 per cent last year. The stock casualty companies showed an even sharper decline, their real estate and mortgages going from 8.6 in 1931 to 2.8 per cent in 1943 and then to 2.3 per cent last year.

CIO doesn't like Mr. Rankin's bill

Congressman Rankin's bill to revise the G. I. Act is coming in for more and more criticism as people begin to understand its implications more fully. It's inflationary, it puts a too heavy burden on the lender and has other unworkable features although, in some respects, it admittedly does eliminate much cumbersome procedure. Here's one view that may have escaped your attention. It is that of Nathan Cowan, chairman of the CIO legislative department, who said:

"We do not believe it is sound public policy when the government is guaranteeing part of the purchase price. We are convinced also that it will operate to keep real estate prices inflated. We believe that appraisals should be made by FHA, which has the facilities to handle this job and which would protect veterans from paying inflated prices for existing houses. We also urge provisions to encourage them to go into new construction. This would protect the veteran from buying a gold brick and also aid in expanding our housing program in the interests of all groups of our people."

STATISTICS WORTH STUDY

Borrowers Say They Want a 10 to 14 Year Mortgage and Prefer Paying $46 Monthly

The most popular mortgage among prospective postwar home owners is one which will mature in from 10 to 14 years, according to a Curtis Publishing Co. survey.

The survey was based on interviews with families in 35 states and 118 urban centers and was undertaken when the company became convinced that there was a great deal of wishful thinking on the subject of housing and that no true picture of the probable postwar market could be obtained except through the medium of a comprehensive consumer survey. A study, it was felt, would bring into clearer focus consumer plans and intent and possibly eliminate much of the guesswork in connection with postwar planning by the industry. The results obtained may aid in guiding mortgage men and others interested in home building.

The findings of the survey relating to mortgage maturity preferences are:

Maturity Range	*% of Total*
Under 10 years	11.1
10-14 years	37.9
15-19 years	19.4
20-24 years	11.8
25 years and over	.6
Don't know	19.2

Preferences of those interviewed for monthly mortgage payments are as follows:

Range of Payments	*% of Total*
Under $25	1.8
$25-$29	4.3
$30-39	20.9
$40-$49	21.8
$50-$59	17.1
$60-$74	6.4
$75 and over	6.1
Don't know	21.6
Median	$46

Over 75 per cent of the prospective owners have set aside some funds for the acquisition of a home. Of those who had some definite ideas of their financing plans, about 11 per cent expect to pay the entire cost of the house from their own funds, but almost 50 per cent will employ a definite schedule of mortgage payments. Over 90 per cent of those who expect to finance part of the cost of a home with a mortgage prefer a "reducing" mortgage. The largest number believe a mortgage having a maturity ranging from 10 to 14 years would best meet their requirements, and this holds true for all income groups.

Country Has Had 22% Increase in Ownership of Homes in Past Four Years, Survey Shows

What have the wartime years done to housing, occupancy, home ownership, etc.? You think you know of course and you do in a general way. But here are some scientific data from the Bureau of the Census just published in its "Characteristics of Occupied Dwelling Units for the United States, October, 1944".

Note the date—October, 1944. What was done was simply take a sampling census based upon the complete data unearthed in the 1940 census and then project some estimates from it. It is pretty safe to say that the conclusions arrived at are accurate.

High among the conclusions revealed were: A 22 per cent increase in home ownership during the past four years; a 15 per cent increase in the number of urban dwellings, and a 9.4 per cent decrease in rural farm homes, an increase of 7,000,000 in the number of homes equipped with electric refrigeration, and an increase of 20 per cent in the number of homes with private flush toilets.

Top finding was the discovery that nearly half the dwellings in the country are now owner-occupied, compared with 56.4 per cent tenant-occupied in 1940. Present owner-occupied dwellings total 18,573,000, a 22 per cent increase over 1940, when 15,196,000 were owner-occupied. Tenant occupation fell 5.3 per cent from 19,659,000 to 18,620,000.

Numerically, the big housing change took place in urban areas, for the samples revealed an additional 2,511,000 owner-occupied dwellings, with urban ownership rising from 37.5 to 43.4. Percentagewise, both the rural farm, moving from 53.2 to 62, and the rural non-farm, which went from 51.7 to 60.7, were more spectacular, but the numbers involved were considerably smaller.

Urban areas reported nearly 3,000,000 new dwellings, an increase of 15 per cent. Rural non-farm dwellings remained virtually the same, but rural farm homes were off 670,000, or 9.4 per cent. There were more two-person households in the United States in 1944 than households of any other size, while the median household, as the result of induction and enlistment of men into the armed forces, fell from 3.3 to 3.0 persons.

Two-person households comprised 28 per cent of the total; one-person households 10 per cent; three-person households 23 per cent, and four-person households 14 per cent. Households of five or more, representing 20 per cent of all, varied from 17 per cent in the urban areas to 33 per cent in rural farm areas.

Of the 37,000,000 occupied dwelling units in 1944, more than 24,000,000, or 65 per cent, has a private bath or shower.

Seven-eights of occupied dwellings had electricity or gas lighting, with the percentage of urban and rural nonfarm at 97 and 89 respectively, and rural farm at 52. Almost a million more rural farm homes had electricity or gas in 1944 than in 1940.

Median rent in tenant-occupied nonfarm dwellings was $21.38 in 1940 and increased to $27.61 in 1944.